

Message Text

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PAGE 01 STATE 211630

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FM SECSTATE WASHDC

TO AMEMBASSY ASUNCION

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY MEXICO

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

INFO AMEMBASSY LIMA

AMEMBASSY MONTEVIDEO

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FOLLOWING SENT ACTION SECSTATE INFO LIMA FROM MONTEVIDEO

OCT 24

QUOTE

LIMITED OFFICIAL USE MONTEVIDEO 3176

E.O. 11652: N/A

TAGS: LAFTA

SUBJ: LAFTA-SECOND INFORMAL MEETING OF CHIEFS
OF INTEGRATION LIMA 4 TO 6 OCTOBER

REF: STATE 198582

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PAGE 02 STATE 211630

1. SUMMARY. ACCORDING TO LAFTA SOURCES FUTURE OF LAFTA SOLE TOPIC AT MEETING WITH LAFTA ANDEAN COMMON MARKET (ANCOM) MEMBERS MAKING GENERAL PROPOSALS FOR RATHER RADICAL CHANGES, INCLUDING LAFTA INTEGRATION FUND, AND BRAZIL ARGUING FOR CAUTION AND DETAILED NEGOTIATIONS TO BEGIN IN 1974, NOT 1973. URUGUAY AND PARAGUAY GENERALLY SUPPORTED ANCOM POSITIONS, MEXICO WAS USUALLY WITH BRAZIL AND ARGENTINA SELDOM INTERFERED. DISCUSSION WILL CONTINUE AT NEXT INFORMAL SESSION IN MONTEVIDEO ON NOVEMBER 22. WHILE DELEGATIONS REPRESENTED GOVERNMENTS, DISCUSSIONS WERE INFORMAL AND EXPLORATORY AND DID NOT NECESSARILY REFLECT OFFICIAL GOVERNMENT POSITIONS.

2. LIMA MEETING DISCUSSED THE PROTOCOL OF CARACAS AND NEGOTIATIONS FORESEEN UNDER ARTICLES 61 OF MONTEVIDEO TREATY, OR ARTICLES 3 AND 4 OF PROTOCOL OF CARACAS.

3. PROTOCOL OF CARACAS. URUGUAYAN DELEGATION STATED THAT RATIFICATION OF PROTOCOL UNDER STUDY BY COMPETENT AUTHORITIES (SOURCE SAYS RECENT HIGH LEVEL GOV MEETING APPROVED RATIFICATION). COLOMBIAN DELEGATION REPORTED THAT NATIONAL CONGRESS APPROVED LAW EMPOWERING EXECUTIVE PROCEED WITH APPROVAL OF PROTOCOL BUT INDICATED THAT EXECUTIVE WOULD PROCEED ONLY IF DECISIONS WERE TAKEN TO PROCEED WITH SUBSTANTIAL REVISION OF MONTEVIDEO TREATY. DELEGATIONS OF ARGENTINA, BRAZIL, MEXICO AND PARAGUAY EXPRESSED CONCERN THAT IF PROTOCOL NOT IN EFFECT BY END 1973 JUDICIAL AUTHORITIES IN THEIR COUNTRIES MIGHT RULE AUTOMATIC END OF CONCESSIONS NEGOTIATED UNDER TREATY.

4. NEGOTIATIONS UNDER ARTICLE 6 OF MONTEVIDEO TREATY OR 3 AND 4 OF PROTOCOL OF CARACAS. THIS ITEM PROVOKED MAJOR DEBATE BY ANCOM DELEGATION PRINCIPALLY WITH BRAZILIAN DELEGATION. ANCOM SET FORTH GENERAL PRINCIPLES THAT CONCESSIONS UNDER NATIONAL LISTS COULD BE WITHDRAWN BY ANDEAN PACT MEMBERS WHERE NEEDED TO SUPPORT SECTORIAL DEVELOPMENT PROGRAM, THAT OFFSETTING SPECIAL ARRANGEMENTS (E.G. COMPLEMENTATION AGREEMENTS) BE UTILIZED IN COMPENSATION; THAT AUTOMATIC TRADE LIBERALIZATION SCHEME BE STRENGTHENED; THAT INVESTMENT POLICIES BE HARMONIZED; THAT LAFTA LIMITED OFFICIAL USE

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PAGE 03 STATE 211630

SECRETARIAT BE STRENGTHENED; THAT SYSTEM TO FINANCE INTEGRATION BE ESTABLISHED; AND THAT SPECIAL ASSISTANCE BE GRANTED LESS DEVELOPED MEMBERS. BRAZIL, SOMETIMES SUPPORTED BY MEXICO, ARGUED THAT NEGOTIATIONS SHOULD NOT BEGIN UNTIL 1974 AND INSISTED THAT ANY CHANGES IN LAFTA MECHANISM OR CONCESSIONS MUST BE CONSIDERED ITEM BY ITEM ON OWN MERITS; THAT DIFFERENT POLICIES AMONG MEMBERS NOT NECESSARILY BAD; AND THAT MECHANISM OF SUSPENSION OR

WITHDRAWAL NATIONAL LIST CONCESSIONS EXISTS UNDER
PRESENT TREATY PROVISIONS.

5. PROCEDURES FOR NEGOTIATIONS WILL BE CONSIDERED AT NEXT
INFORMAL MEETING TO BE HELD IN MONTEVIDEO NOVEMBER 22 DURING
13TH LAFTA CONFERENCE.

6. COMMENTS. BATTLE LINES FOR NEGOTIATIONS ON LAFTA
FUTURE WERE TENTATIVELY DRAWN AT LIMA. ANCOM COUNTRIES
SUPPORTED BY URUGUAY AND PARAGUAY SEEK MORE RAPID INTEGRATION
MOVEMENT AND ARE USING COLOMBIAN RATIFICATION OF PROTOCOL
OF CARACAS AS BARGAINING LEVER. BRAZIL IS FOREMOST EXPONENT
OF STATUS QUO WITH ARGENTINA AND MEXICO HOLDING POSITIONS IN
BETWEEN. SINCE UNANIMITY IS REQUIRED FOR ANY MAJOR
INSTITUTIONAL CHANGE BRAZIL PROBABLY COULD FRUSTRATE ANCOM
INITIATIVES, BUT IS MORE LIKELY TO MAKE SOME COMPROMISE
PERMITTING MORE ACTIVE LAFTA INTEGRATION ROLE. LIST OF
DELEGATIONS POUCHED ANDERSON ARA/ECP.
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